



Washington State Department of Agriculture

International Marketing Program
ANNUAL REPORT



State Fiscal Year 2004 – 2005

(July 2004 – June 2005)



Washington State Department of Agriculture

International Marketing Program Annual Report

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(July 2004 – June 2005)

Washington State Department of Agriculture
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A MESSAGE FROM GOVERNOR CHRISTINE GREGOIRE



Washington produces some of the safest, highest-quality food and agricultural products in the world. The export of this bounty is critical to the economic vitality of our state economy. In 2004, agricultural exports from Washington exceeded \$6.3 billion.

This ongoing success results from the tremendous work of growers, processors, exporters and commodity commissions, as well as key partners such as the Washington State Department of Agriculture (WSDA). Since 1998, the WSDA International Marketing program has assisted hundreds of Washington companies in exporting more than \$445 million of food and agricultural products.

Expanding agricultural sales contributes enormously to a strong economic future for Washington. In recognition of the industry's importance, my administration continues to work hard to strengthen our state's food industry. Export sales not only bring direct revenue to producers and processors, but also support and stabilize prices for those who market domestically. When the agriculture and food industry prospers, so do the workers and communities in which they reside.

Washington has long been a leader in international trade. We are optimistic that, through the efforts of our dedicated farm families and food producers, agriculture will continue to be one of the strongest and most productive industries in our state.

Sincerely,

A handwritten signature in black ink that reads "Christine Gregoire". The signature is fluid and cursive, with the first and last names being more prominent.

Christine O. Gregoire
Governor



A MESSAGE FROM DIRECTOR VALORIA LOVELAND



It is my great pleasure to present the 2004-2005 Annual Report of the Washington State Department of Agriculture (WSDA) International Marketing program. Washington's food and agriculture industry contributes over \$29 billion to the state economy. Agriculture is the state's largest employer with over 170,000 people employed on farms and ranches or in processing plants, fruit packing warehouses, fertilizer manufacturers and other related businesses.

WSDA's marketing programs help our food and agriculture companies — large and small — find new markets and opportunities in the increasingly globalized economy. Our efforts particularly benefit rural Washington where food and agriculture are the core private-sector employers. We work in close partnership with our companies and industry associations to uncover, engage and make the most of market opportunities worldwide.

The International Marketing Program has trade specialists in Olympia, Yakima and the Tri-Cities who directly assist individual companies and work with industry organizations. We also have contract representatives in Japan, Taiwan, China and Southeast Asia who are experts in the export and marketing of our food products in those markets.

Our marketing programs are part of WSDA's broader efforts to strengthen and nurture the economy of Washington state. Our goal is to ensure a safe, wholesome and high quality food supply and to create opportunities and programs that strengthen Washington's farming communities.

This report summarizes the accomplishments of WSDA's International Marketing program and its staff over the past fiscal year (July 2004 – June 2005). After reviewing this report, I hope that you will agree that our state receives a significant return on its investment in the WSDA International Marketing program.

Sincerely,

A handwritten signature in cursive script that reads "Valoria Loveland".

Valoria Loveland
Director

EXECUTIVE SUMMARY

Washington's vast food industry is a key element of the state's economy. Thirteen percent of the gross state product comes from the food and agriculture industry, which has an estimated economic impact of \$29 billion and supports over 170,000 jobs, mostly in rural communities. Exports are critical to this industry and to the entire state of Washington.

One in every three jobs in the state is tied to trade, making Washington the most trade-dependent state in the US.¹

The Washington State Department of Agriculture's (WSDA) International Marketing program works in partnership with Washington's food and agriculture industry to assist companies to sell their products internationally. To accomplish this, we work closely with individual companies, the state's agricultural commodity commissions, the US Department of Agriculture (USDA), the Western US Agricultural Trade Association (WUSATA) and other states.

During fiscal year 2005 (July 2004 – June 2005), the International Marketing program consisted of a program manager, four full-time trade specialists, and contract representatives in Japan, Taiwan, China and Southeast Asia. Program staff and core operations are supported by a Fiscal Year (FY) 2005 State General Fund appropriation of \$953,699.

WSDA's International Marketing program is a critical component for strengthening and growing our agricultural economy, especially in rural communities. The program's success is

measured by the value of sales that Washington companies make with our assistance, which we call direct assisted sales. In the twelve month FY 2005 period, we directly assisted in over \$59 million of export sales, as reported by companies themselves.

Direct assisted sales are those which would not have occurred if the International Marketing program were not involved. The larger, long-term value of the program's work is not fully reported because higher-value repeat sales usually occur well after the first fiscal year.

The program's direct assisted sales generated \$2.38 million in tax revenue to Washington state² – a profit of \$1.43 million after deducting program costs.³ These sales also supported an estimated 887 jobs.⁴ Since 1998, WSDA has assisted export sales

exceeding \$445 million that generated \$17.9 million in tax revenue to the state. The program also supported, acquired or assisted in the acquisition of nearly \$1.75 million of federal funds on behalf of our companies and industry organizations in FY 2005.⁵

FY 2005 Performance WSDA International Marketing Program	
Budget (State General Fund)	\$953,699
Staff	6.0 FTEs
WSDA Direct Assisted Sales	\$59,583,000
Tax Revenue Generated	\$2,389,278
Net Income to State General Fund	\$1,435,579
Companies Assisted	188
Companies Making Sales	52
Estimated Jobs Supported	887

² According to the Washington State Department of Revenue, the total state sales tax on food and agricultural exports is 4.01% (January 2004). Therefore export sales of \$59,583,000 generated \$2,389,278 in General Fund tax revenue.

³ The net income to the state is calculated by subtracting the program budget (\$953,699) from the tax revenue generated (\$2,389,278).

⁴ According to the United States Department of Agriculture, \$1 million of food and agricultural sales represents 14.9 jobs. (2002)

⁵ Washington companies were allotted \$1.415 million in the MAP Branded Program, WSDA utilized \$212,719 in WUSATA Generic Program promotional funds and used in FSMIP grants valued at \$120,000.

¹ International Trade and Washington State, Washington State Office of Financial Management, May 2002.
<http://www.ofm.wa.gov/economy/index.htm>



Agricultural Exports: Essential for Washington's Prosperity

Washington's food and agriculture industry employs over 170,000 people, more than any industry in the state. The farmgate value (the amount paid to farmers for their crops) reached nearly \$6 billion in 2004. Once these products have been processed, packaged and shipped, the overall economic impact is estimated at approximately \$29 billion, or roughly 13 percent of the state's total economy.

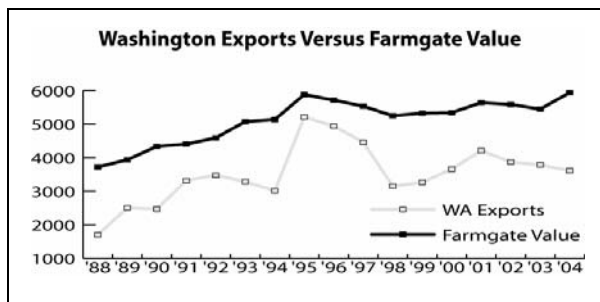


Figure 1 – Rising farmgate values in Washington generally correlate to rising exports of Washington food & agricultural products. That relationship has softened somewhat in the last few years, possibly due to strong domestic demand.

The food and agriculture industry is critical in rural Washington where farming, food processing and associated businesses are the largest private sector employers. This diverse industry ranges from small- to medium-scale farmers supplying local markets to large family- or corporate-owned farms employing hundreds of people and managing thousands of acres. The industry also supports employment in urban centers from local supermarkets to port docks, produce distributors to international banking.

Washington agriculture faces fierce competition at home and abroad. Rising energy costs, farm consolidation, trade barriers which limit market access and the evolution of mega-retailers are just a few of the forces at work. There were 35,000 farms in Washington in 2004, 500 fewer than in 2003. The average acres per farm were 434 in 2004, three acres less than the year before.

Total farm acreage was 15.2 million compared with 15.3 million in 2003.⁶

With these challenges in mind, WSDA's International Marketing program strives to help producers find profitable new opportunities to sell their products and be more competitive in the international marketplace.

WSDA Focuses on Both Domestic and International Opportunities

WSDA helps food and agriculture companies to be more successful. In an effort to best serve the very different needs of both export-ready firms and those focused solely on domestic markets, WSDA's Marketing Program has been split into international and domestic marketing services.

International Marketing (IM): IM partners with Washington's food and agriculture industry to assist companies to sell their products internationally. The goal is to increase sales for Washington's food and agriculture exporters by:

- Matching sellers with qualified buyers
- Removing market access barriers to open or expand a market
- Participating in Governor's missions to promote Washington agriculture and advocate for open markets

Small Farm and Direct Marketing: Direct marketing service staff work with small- to medium-scale farms to find and expand market opportunities for their products in local food distribution systems including farmer's markets. A food industry development specialist concentrates on economic development issues to support the vitality of the Washington food industry. The Small Farms and Direct Marketing program publishes a separate annual report. Only International Marketing program activities are discussed herein.

⁶ Washington 2005 Agricultural Bulletin, Washington Agricultural Statistics Service, <http://www.nass.usda.gov/wa/annual05/ab11.pdf>

WASHINGTON: THE MOST TRADE DEPENDENT STATE

Food and Agricultural Exports Nearly \$6.3 Billion

Washington is the most trade-dependent state in the nation — one out of three jobs are related to international trade — and has the largest amount of exports per capita in the United States. Washington exported nearly \$6.3 billion in food and agricultural products in 2004, the third largest total in the US⁷. This record amount represents a 15.5% increase over 2003 exports. Increased exports stemmed from strong economic growth in Asia, including a rebound by the Japanese economy, Washington state's largest trading partner. A weak US dollar made US products more affordable overseas, and poor growing seasons in many parts of the US resulted in higher prices for some Washington producers.

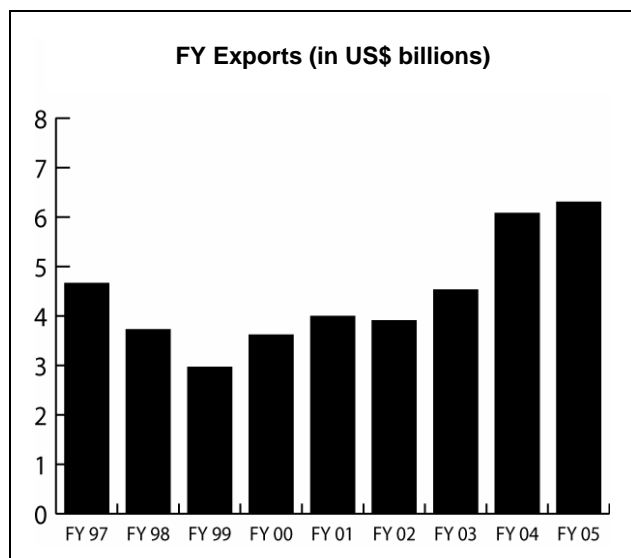


Figure 2 – Washington state's food and agricultural exports grew to a record \$6.3 billion in FY 2005.

Many products which are exported from Washington do not originate here. The continued growth of the dynamic port system has made Washington an ideal departure point for exports, primarily to Asia. While not grown

⁷ Information on U.S. exports of merchandise is compiled from copies of Shipper's Export Declarations (SEDs). The U.S. Customs Service initially collects the SED at the port of export and subsequently transmits it to the Census Bureau.

or produced locally, these products nonetheless benefit the economy in terms of transportation and port jobs. Such "pass-through" commodities (mostly corn, soybeans and rice) represent roughly 40% of all Washington food and agricultural exports. When pass-through products are excluded, Washington exports in FY 2005 were \$3.8 billion.

Exports by Country and Region

Japan remained the single largest buyer of Washington food and agricultural exports, followed by Canada, the Philippines, China and Mexico.

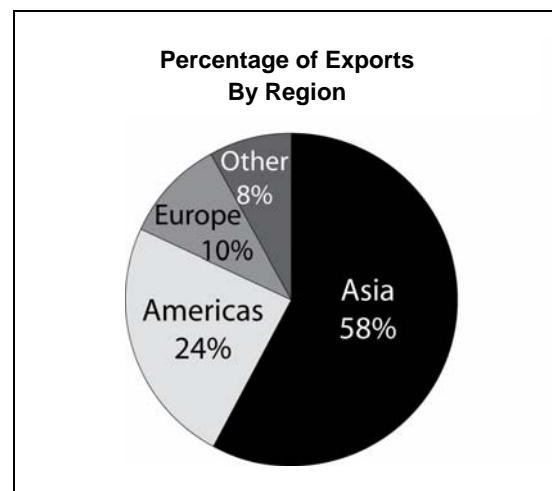


Figure 3 – Though Asia still dominates, NAFTA has helped make Canada and Mexico key markets for Washington agricultural exports in FY 2005

Japan purchased nearly one-fourth of Washington ag exports. Consequently, Washington exporters are particularly sensitive to changes in consumption patterns or economic policy in Japan. Signs point to a recovery of the long stagnant Japanese economy. Growing consumer spending and a continued desire for western products has helped create new market opportunities for Washington products. However, growing competition from Chinese fruit and vegetables is making this market more challenging. Also, the \$200 million Japanese beef market is slowly reopening due to BSE

concerns. Washington wheat, seafood, processed foods and fresh cherries and apples are top sellers in Japan.

Canada is now Washington's state second largest export market, thanks in part to strong economic growth and the impact of NAFTA. Exports have increased nearly 20 percent in the last two years, especially sales of tree fruit, seafood and bakery ingredients. Though geography and long-standing cooperation benefit Washington exporters, obstacles to increased trade remain. These include similar products and growing seasons as well as strict Canadian market entry barriers such as labeling requirements.

Top Ten Buyers of Washington-Originated Food & Agricultural Exports, FY 2005				
Rank	Country	% of Total WA Ag Exports	US \$ millions	Change from FY '04 to '05
1	Japan	24.2%	932	-18.4%
2	Canada	17.9%	691	7.3%
3	Philippines	7.3%	282	41.0%
4	China / HK	7.0%	269	39.1%
5	Mexico	5.1%	256	66.2%
6	Taiwan	4.9%	187	21.0%
7	S. Korea	3.7%	142	-1.2%
8	UK	3.0%	116	13.4%
9	Thailand	2.3%	90	-7.7%
10	Egypt	2.1%	80	52.7%

Figure 4 — The top ten markets account for nearly 80% of total Washington food and agricultural export sales.

The third largest market in FY 2005 was the Philippines, traditionally a very large importer of US wheat. Washington wheat represented more than half of the \$282 million in food and agricultural exports our state sent to the Philippines in FY 2005. Other growing sectors include dairy products and hay.

China and Hong Kong have quickly risen to the top of Washington's most important trading partners. In 1998, China and Hong Kong purchased just \$27 million in Washington-originated food and agricultural products. By 2004, that figure had grown to \$269 million,

nearly a ten-fold increase. China is anticipated to move to the top three in the coming year.

Mexico, like Canada, increased its purchases of Washington exports. Now Washington's fifth largest buyer, Mexico relies on Washington for tree fruit, dairy products, baking ingredients and a host of other products. Economic liberalization, retail consolidation and NAFTA have helped make Mexico an accessible and profitable market for Washington exporters.

Not to be overlooked, Taiwan and South Korea also remain particularly vibrant markets for Washington agricultural exports.

Exports by Product

In FY 2005, wheat, fresh fruit and seafood were the state's three largest Washington-originated commodities. Ninety percent of the wheat produced in Washington is exported. Exports of fresh fruit (including apples, cherries, grapes and pears) were \$583 million, a strong 29% increase from the previous year. Washington fresh and frozen fish and seafood remain popular, with exports of \$529 million. Other export products are primarily higher-value and processed foods, most of which are branded. These include processed vegetables, meats, fruits and specialty foods.

Top Ten Washington-Originated Food & Agricultural Exports, FY 2005			
Rank	Commodity	US \$ millions	Change from FY '04 to '05
--	Total Exports	3,856	6.1%
1	Wheat & Meslin	736	6.1%
2	Fresh Fruit & Nuts	583	29.0%
3	Seafood	529	2.0%
4	Processed Foods	351	11.2%
5	Animal Feed	270	45.9%
6	Hay	224	12.0%
7	Processed Meat & Fish	207	12.0%
8	Dairy, Eggs, Honey	164	106.5%
9	Fresh Vegetables	149	7.0%
10	Baking Ingredients	128	24.2%

Figure 5 — The top ten Washington-originated food and agricultural exports all experienced growth in FY 2005.

HELPING WASHINGTON COMPANIES EXPAND FOOD & AGRICULTURAL SALES AROUND THE WORLD

Our Mission and Goals

WSDA's International Marketing (IM) program works with Washington's food and agriculture industry to assist companies to sell their products internationally and increase export sales by:

- Matching sellers with qualified buyers
- Removing market access barriers to open or expand a market
- Participating in Governor's trade missions to promote Washington agriculture and advocate for open markets

Services cater to both ready-to-export and new-to-export firms. IM provides market intelligence, introductions to qualified potential buyers, the in-country expertise of overseas representatives and access to government officials.

The costs associated with this level of market access are prohibitive for most companies, as they are not large enough to have the in-house export programs and overseas representatives that many of their larger corporate competitors maintain.

To maximize the effectiveness of scarce resources, IM focuses on industries and product sectors:

- That are vital to the state economy
- Where the program can have an impact
- Where industry needs and requests assistance

Furthermore, IM targets markets that have been identified by industry partners, where Washington producers have competitive advantages and where the resources of other organizations with similar goals can be leveraged.

The International Marketing program seeks to balance the need for short-term sales results with longer-term market development efforts that will lead to sustained sales in the future. To

accomplish these objectives, staff works closely with partners such as the state's agricultural commodity commissions, industry organizations, other states, the US Department of Agriculture (USDA) and the Western US Agricultural Trade Association (WUSATA).

Key Services We Provide

The program offers a broad range of valuable services to Washington companies, including:

- Introducing Washington companies to qualified foreign buyers through trade missions, trade shows, trade leads, in-store promotions and showcases of Washington products.
- Connecting companies to USDA's export assistance resources, including Agricultural Trade Offices worldwide, Market Access Program (MAP) funding and other export finance and marketing resources.
- Organizing export readiness consultations for firms that are new to exporting or looking to enter a new export market.



- Maintaining a searchable database of Washington food and agricultural suppliers to help connect buyers and sellers, as pictured above. Website address: www.impact.wsu.edu/WASuppliers/
- Providing timely market intelligence, introductions to local buyers and government officials and other in-country

assistance when Washington sellers travel to export markets.

- Resolving trade barrier and phytosanitary issues, in partnership with the Governor's Office, commodity commissions, industry organizations, federal agencies and foreign officials.
- Assisting companies with the many detailed documents required for export transactions. For food products, the importing country often requires special documents regarding the origin, safety or content of the product.

Program Resources

Domestic Staff Expands Services in Eastern Washington: FY 2005 was a year of transition for the International Marketing program. Two International Trade Specialists departed the program: one now heads WSDA's domestic marketing program, while the other moved to the Washington state legislature.

These changes allowed the program to balance staff between eastern and western Washington. The two trade specialists responsible for western Washington are based in Olympia, while eastern Washington is now covered by one trade specialist in Yakima and one in the Tri-Cities area. By maintaining staff near growing centers and companies, the program remains responsive to the unique needs and challenges facing agricultural exporters.

On the recommendation of companies, each staff member is responsible for specific industry sectors. This allows them to build relationships with industry leaders and companies and focus on industry-specific trade issues. To further tailor program services, trade specialists also are assigned to specific country or regional markets as well as key USDA trade programs.

International Representatives: WSDA has contracted in-country representatives in Japan, Taiwan, China and Malaysia. These representatives work closely with domestic staff to assist Washington food and agriculture companies in their respective markets. They do so by:

- Arranging and accompanying Washington companies on in-country appointments
- Bringing buyers from their country markets to Washington on inbound buying missions
- Hosting outbound sales missions of Washington companies in their country markets
- Organizing trade shows and seminars
- Assisting shipments that encounter problems after arriving at their destination
- Providing up-to-date information on changes to import procedures and other market intelligence

To maximize promotional resources, each international representative may also contract separately with Washington agricultural commodity commissions or associations. For example, WSDA's contractors in Japan and Taiwan contract with the Washington State Fruit Commission (WSFC) to conduct cherry promotions in these markets. The China and Southeast Asia contractors were already representing the Apple Commission when they were hired by WSDA. These connections provide strong, ongoing industry links and are practical mechanisms for cross-selling Washington products abroad.

Commissions provide funds for promotions and advertising that supplement the core operations that are supported by WSDA. Generally speaking, WSDA funds direct buyer-seller assistance (such as introducing buyers to our companies) while commission funds are used for advertising and generic promotional activities.

In the words of one Washington company:

"We are looking to increase our supermarket business in Singapore and Malaysia again this year, and we count on [WSDA's Southeast Asia representative] Chen Hui Cheng to help us achieve this goal. Cheng provides us with background information and history on companies and importers, updates on market conditions, and information on foreign competition (mostly from China). She is our "on the ground" information resource in this part of the world. Without her, our job would be much more difficult."



Program Funding

Primary funding for the International Marketing program comes from the State General Fund. WSDA also pursues funds to provide expanded activities and enhanced services to Washington companies. In FY 2005, WSDA leveraged nearly \$1.75 million in federal funds to help Washington companies and associations promote food and agricultural exports.⁸

State General Fund: In FY 2005, the program budget was \$953,699. These funds support WSDA staff, overseas representatives and basic program costs. Because of the program's limited funds, WSDA relies on federal funds to conduct most of its promotional activities.

In FY 2002, WSDA received a USDA Specialty Crop Grant that paid for contractors in Southeast Asia based in Malaysia (annual cost: \$32,500 per year) and China (annual cost: \$70,000 per year). This grant expired at the start of FY 2005. These representatives are now paid by a State General Fund appropriation.

USDA Market Promotion Funds: In FY 2005, WSDA administered \$212,719 of USDA Market Access Program project funding via the Western United States Agricultural Trade Association (WUSATA). These projects generically promote exports from the western US states and WSDA participates with other states on several of these projects. These funds can not support WSDA staff but do support extensive promotional activities and some overseas travel.

Because of WSDA's participation in WUSATA, Washington companies are eligible for direct grants to help offset some of their export marketing costs. In 2004, 37 Washington companies received \$1,415,500 from the USDA's Market Access Program (MAP). These funds can be used to defray export expenses including overseas trade show fees, international travel, foreign language labeling and printing costs and other promotional expenses.

⁸ Washington companies were allotted \$1.415 million in the MAP Branded Program, WSDA utilized \$212,719 in WUSATA Generic Program promotional funds and used FSMIP grants valued at \$120,000. All these programs require the participation of a state department of agriculture for eligibility.

Other USDA Funds: The USDA Federal State Marketing Improvement Program (FSMIP) provides grants to states to improve the marketing and distribution of agricultural products. In FY 2004, WSDA utilized \$120,000 in FSMIP grants. These went to help promote Northwest potatoes among chip and snack manufacturers in China, Taiwan, Korea and Southeast Asia, and to create a business plan and collateral materials for the "branding" of Pacific Coast shellfish.

Partnering to Promote Washington Exports

WSDA works closely with the food and agriculture industry to identify priorities and targets. Key stakeholders include:

International Marketing Program Advisory Committee: Consisting of food exporters and industry representatives, the Advisory Committee makes certain that the International Marketing program addresses industry marketing needs and emerging opportunities. Committee members bring intimate market and industry knowledge. They help clarify market trends, guide promotional efforts and recommend the location of contract representatives. Their advice ensures that limited resources are efficiently and effectively utilized. Please see Appendix C for a list of Advisory Committee members.

Agricultural Commodity Commissions: The state's 24 agricultural commodity commissions are self-funded state agencies. Many conduct export promotion programs and work closely with WSDA. The Apple, Fruit, Potato and Wine Commissions are particularly active in joint promotional efforts. The Apple and Fruit Commissions also share the costs of overseas representatives in some markets with WSDA. Program staff represents the department as active board members on the Asparagus, Red Raspberry, Fruit, Apple and Potato Commissions. Please see Appendix D for a list of Washington agricultural commodity commissions.



A buyer from Singapore meets with a Washington food company representative during a WUSATA-sponsored inbound buying mission in May 2005.

WUSATA: The Western United States Agricultural Trade Association, known as WUSATA, administers the USDA's Market Access Program (MAP). This program annually distributes federal funds for agricultural export marketing. Washington companies may use the funds to support their individual marketing efforts or join IM-led generic promotions such as trade shows, buying missions and menu promotions.

In 2004, Washington companies were allotted \$1.415 million in the MAP Branded Program. IM also utilized \$212,719 in WUSATA Generic Program promotional funds. Both the MAP Branded and Generic Programs require the

participation of a state department of agriculture for eligibility.

United States Department of Agriculture: The USDA's Foreign Agricultural Service promotes US exports and has many export promotion programs and resources. Their extensive network of overseas offices expands IM's access to markets, and their export promotion grant programs are available to Washington companies. IM also manages several promotions funded by USDA.



Buyers from Southeast Asia visit an onion processing facility in eastern Washington in conjunction with an inbound mission in October 2004

INTERNATIONAL MARKETING PROGRAM RESULTS

Measuring Success

The International Marketing Program measures its performance through direct assisted sales, as reported to us by our companies. Direct assisted sales are export sales by Washington food and agricultural companies which were materially assisted by program staff. Each December and June, staff conducts telephone interviews to collect sales data. Only sales where we materially assisted the transaction within the previous 12-18 months are reported. To protect the privacy of the companies on which we depend, sales data are considered confidential. Outside the program only aggregated data are reported.

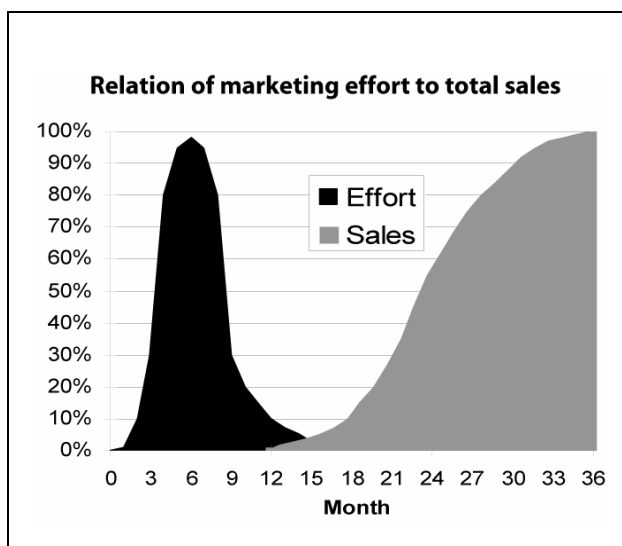


Figure 6 -- Because program efforts are concentrated in the early stages of market development, surveys generally underestimate the value of sales and their benefits to the Washington economy.

We assume that reported sales figures are lower than actual sales figure. Some companies do not want to divulge their sales information; others may not be included in the survey or the sale may have occurred more than 12-18 months after our involvement. Because we do not capture ongoing sales that occur after our involvement, many large repeat sales do not appear in our sales figures.

The program measures its short-term success by the value of new export sales resulting from staff assistance. Developing long-term sales, however, requires a long-term commitment, especially in Asian markets. Significant sales usually occur months or years after a promotion. Initial sales are often small test shipments followed much later by full sales. Larger, longer-term sales have the greatest benefit to the state and the food industry. Because efforts are concentrated in the early stages of market development, surveys generally underestimate the value of sales and their benefits to the Washington economy.

Export Sales Results

In FY 2005, WSDA staff and representatives assisted 188 Washington companies. Of these, 52 companies reported sales totaling \$59.58 million. The median transaction value per sale was \$81,000. In addition, the Washington State Fruit Commissions reported \$99.22 million of sales in those markets where WSDA and the commissions share contract representatives.



International buyers tour a Washington winery during the Washington State Wine Expo in May 2005.

Sales of fresh and frozen fruits and vegetables, seafood and processed foods represented most of WSDA assisted sales. Most sales occurred in markets where WSDA maintains representation: Japan, China, Taiwan and SE Asia. See Figures 7 and 8 for a breakdown by product and market.

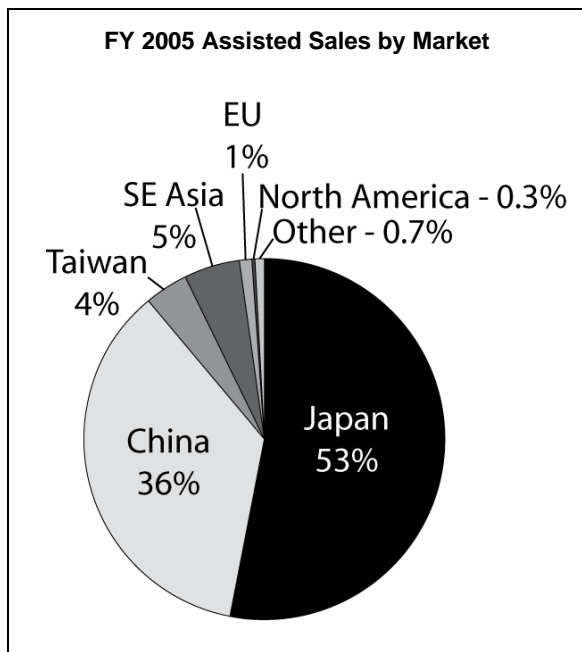


Figure 7 – The vast majority of WSDA assisted sales occurred in those markets with a local representative: Japan, China, Taiwan and SE Asia.

Benefits to the State of Washington

Export promotion activities undertaken by WSDA's International Marketing are intended to increase income of Washington companies, increase employment and increase revenue to the state. Since 1998, the WSDA International Marketing program directly assisted companies to sell over \$445 million of products, generating an estimated \$17.9 million in tax revenue to the state general fund. In addition, these sales support more than 800 jobs each year on average.

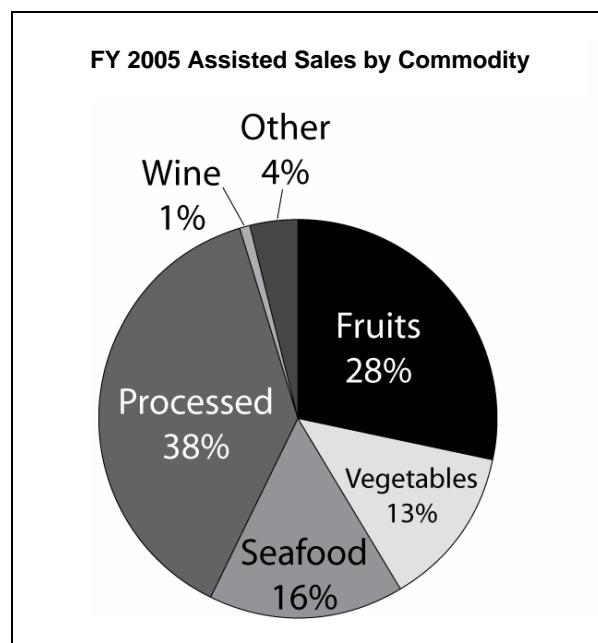


Figure 8 – Washington produces more than 300 different agriculture commodities. This diversity is evident in the leading commodities among assisted sales.

SIGNIFICANT FY 2005 EXPORT PROMOTION ACTIVITIES

Please note: this is only a partial list of the export activities the International Marketing program undertook from July 2004 – June 2005.

Long-Term Export Marketing Effort Benefit Companies

Exporting is about building relationships. Program staff works closely with ag producers on an ongoing basis to understand and address complex market challenges. Often, success is achieved only after several years of effort. One such long-term success is the marketing in Japan of Washington buckwheat, used in traditional *soba* noodles. Details of this collaborative effort appear in the box below.

Cross Selling Fresh and Processed Products

Cross selling has become an increasingly valuable tool to promote Washington food and agricultural exports. For example, western seafood is best introduced in China through the food service sector because preparation blends western products with local chefs' creativity. Part of the strategy utilizes a product mix between live, fresh, and frozen seafood products to encourage adoption of more frozen imports.

Another focus is to educate key targets – such as chefs, restaurateurs and importers – on how different wines match with different seafood recipes. This further promotes the quality of

WSDA's Japan Office Builds Markets, Reinvigorates Sales

Editor's Note: Each IM Annual Report will profile one of the program's overseas offices and its marketing efforts, starting with the Tokyo, Japan office and its Director, Scott Hitchman.

Scott Hitchman runs the WSDA Japan Office. He is fully fluent in written and spoken Japanese and has lived and worked in Japan for 25 years. Scott, and his assistants, Saito-san and Hashimoto-san, have worked with the WSDA in Tokyo for well over a decade. Together they have invaluable experience in marketing Washington's food and ag products in Japan.

Hitchman works closely with Washington firms to resolve phytosanitary and customs issues and has helped Washington firms save millions of dollars in such disputes. The WSDA Japan Office also works extensively introducing new products to the Japanese market. For example, Hitchman helped introduce Washington wine in Japan, which has seen strong sales growth as Japanese consumers come to appreciate its world-class quality. As sales increased, ongoing responsibility for export promotion in Japan naturally shifted to the Washington Wine Commission. Not all sales growth comes from new products, though. Recapturing lost market share is also important, as the case of Washington buckwheat demonstrates.

Japan imports buckwheat from two sources: China and Washington state. In China, buckwheat is grown on thousands of very small family-run farms. With so many growers, it is impossible to trace the product's origin. Only a hundred or so Washington growers raise buckwheat. With this in mind, Hitchman recognized an opportunity to build a strategic advantage based upon the strong preference of Japanese consumers for safe, traceable foods.

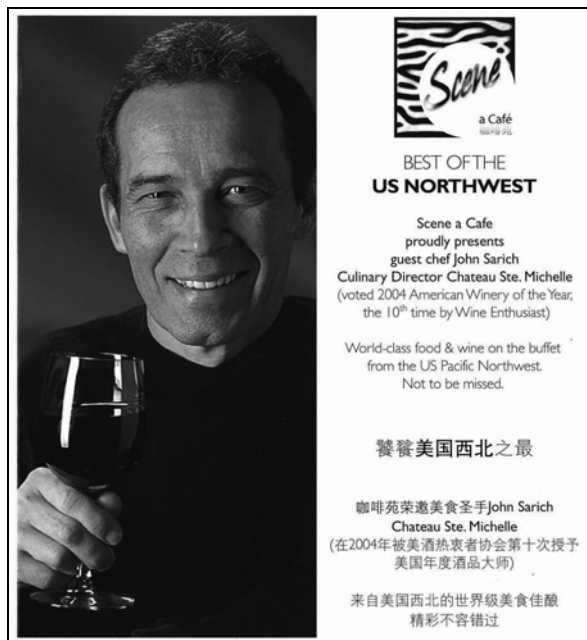
In coordination with WSDA inspectors and domestic program staff, a program was developed to certify that Washington buckwheat is grown without pesticides and is traceable to its point of origin. Beginning with the 2004 harvest, all buckwheat shipped to Japan was accompanied by documentation certifying its traceable and pesticide-free status.

WSDA's Japan Office coordinated Japanese-language marketing literature to publicize these points, and led a campaign to announce the enhanced features of Washington buckwheat to key players in the Japanese market. The new certification system helped win back the business of Japan's largest importers. The results were tremendous: exports of Washington state buckwheat to Japan increased by 50% in just two years.

world-class Washington wines. In the same promotion, Washington vegetables may also be added for their visual appeal, safety and high-quality. Future efforts will expand promotions at five-star hotels and restaurants to include Washington products such as cherries, apples, berries, other seafood, frozen vegetables, other beverages and food ingredients.

Seafood

Extensive Promotional Efforts in Asia: In FY 2005, WSDA's created seafood promotions in China and Southeast Asia with a multi-tiered emphasis on gaining acceptance of chefs, restaurants and importers. While utilizing lessons learned from a successful Oyster House promotion in June 2004, promotional efforts targeted high-end hotel restaurant managers and introduced seafood exporters and their importers to five-star buyers. During a subsequent Oyster House promotion in Shanghai — which coincided with the China Seafood Show in November 2004 — staff also arranged follow-up meetings with a major Washington wine importer.



John Sarich, guest chef, instructed Chinese chefs and local media on how to match wine and seafood.

The result was a June 2005 promotion at the flagship location of the Shangri-la Hotel chain, where Washington wine was cross-marketed

with live oysters, fresh king salmon and frozen pre-cooked Dungeness crab. John Sarich, a renowned Northwest chef and the culinary director at Chateau Ste. Michelle, was flown in as the guest chef. Mr. Sarich was the center of attention at this five-star venue that features four major restaurants in a high end shopping district of Beijing. The two-week activity was used as a backdrop for special events that included a media presentation with nine national magazines, a dinner presentation with US Undersecretary of Agriculture Eric Bost, and a reception for wine and seafood buyers that created future trade leads.



Seafood provides an ideal foundation for cross-promotional efforts that benefit a wide variety of Washington products.

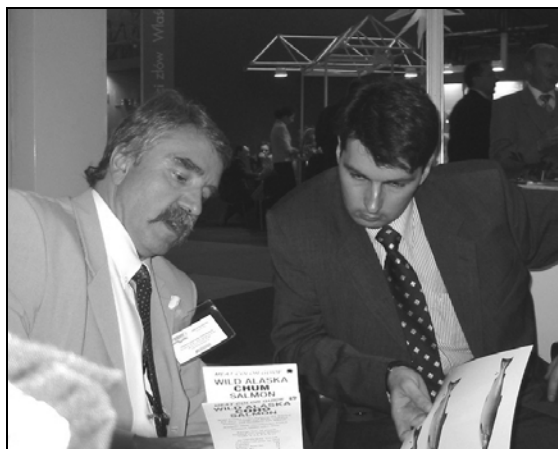
Thanks to this well-choreographed effort, over half of the meals sold were from this Washington-based menu even though it was only a small part of available selections. Domestic staff partnered with WSDA's China representative to play a critical role in negotiations, organization, communications and logistics of this effort.

Inbound Missions from China Lead to New Sales: Bringing Chinese buyers to Washington resulted in significant sales during FY 2005 as new buyers were able to source new seafood products from Washington. For example, sales of Washington black cod, a replacement for endangered Chilean sea bass, continue to grow. This high-priced product previously was not considered feasible for the China market, but is now being purchased as a result of several inbound buyers missions. Sales from these

trade missions exceeded \$500,000 and will continue to be significant into the next season.

Polfish Trade Show and Inbound Mission

Target New Markets for Seafood: The Polish population of 40 million people still consumes a largely meat-and-potatoes diet, though seafood consumption is growing rapidly. The Polfish trade show, held every two years in Gdansk, exhibits most of the seafood companies in Poland and Eastern Europe. Rather than purchase booth space, the strategy for this show was to present a technical seminar prior to the show opening. IM staff worked closely with USDA's Agricultural Trade Office in Warsaw to bring 22 seafood industry representatives to discuss business with Washington companies while sampling various Washington seafood products in a local restaurant.



A Polish seafood buyer talks business with a Washington seafood executive at the Polfish Trade Show in June 2005.

During the event and show, IM staff pre-qualified buyers to join a select trade mission to visit Washington a few months afterwards to learn more about production methods, specifications and to make purchasing decisions. This type of visit is essential to resolving technical issues as well as seasonal and product quality concerns. Marketing programs such as this are successful because they unify trade shows, special promotions and trade missions into a cohesive strategy rather than just one-time events. Sales one month after the visit exceeded \$190,000 with more contracts forthcoming for the next season.

Wine

Washington State Wine Expo: Washington Wines continue to gain increased recognition on the world stage. In May 2005, WSDA partnered with the Washington State Wine Commission and TRIDEC on the fourth Washington State Wine Expo. The week-long program brought over 90 buyers, importers, chefs and media from 20 countries to Seattle, Woodinville, Prosser, Tri-Cities and Walla Walla. Participants had the opportunity to experience Washington wines and wine country and learn how Washington producers manage high quality production from vine to bottle in preparation for their retail or food service outlet. Sales resulting from this year's Expo are projected at \$5 million. WSDA helped establish the Expo, though primary management now rests in the hands of the Wine Commission.



Buyers from Taiwan enjoy Washington wines at the Washington State Wine Expo in May 2005.

Inbound Mission from Malaysia: In conjunction with the Wine Expo, IM coordinated participation of a Malaysian delegation representing import and retail trade. Contacts made by these delegates have resulted in \$160,000 in wine sales bound for Malaysian retail outlets, with more to come.

Export Readiness Seminar in Richland: At an export workshop for Washington wineries during the Wine Expo, IM staff spoke on WSDA resources for export. Contacts at the workshop provided an ideal platform to engage wineries and involve them in our ongoing promotion

efforts. As a result, we have seen increased winery participation in IM programs. Several wineries participated in IM's Export Readiness training in the Tri-Cities, and one winery has been approved for MAP Branded Program funding to defray the cost of export promotions.

Efforts Going Forward: Ongoing wine promotional efforts continue in Taiwan and China, and work has begun on opportunities in Korea. Efforts incorporating wine as a perfect compliment to multi-product promotions worldwide continue to achieve results.

Produce

Mexico In-store Promotions for Produce Help Sell Washington Seafood: For the third consecutive year, IM conducted very successful in-store promotions in the Gigante and Soriana supermarket chains. A total of 360 stores participated. The success of Washington apples and pears in Mexico has helped draw supermarket buyers to other Washington products including frozen and processed salmon and oysters. Buyers for Soriana supermarkets are anxious to partner with IM for sourcing and marketing new items. These partnerships will certainly lead to even more opportunities in Mexico for Washington food exporters.

Taiwan In-store Promotions and Buying Missions: In Taiwan, long-term relationships are the key to success when promoting Washington fresh fruits and vegetables. In July 2004, IM conducted a month-long in-store promotion with Carrefour, Taiwan's largest food retailer. While the promotion exceeded its sales objectives for cherries, peaches and apples, it more importantly helped cement personal relationships with Carrefour buyers.

An incoming buyers' mission, organized by WSDA's representative in Taipei, followed in October 2004. Taiwanese buyers visited Washington packers and exporters, and were introduced to the concepts of promoting microwaveable russet potatoes, Grapples™ (fresh apples infused with Concord grape essence) and berries (blueberries, raspberries, currants, etc). This buyers' visit inspired

subsequent in-store promotions in January 2005 focused on these new products. The strong interest in berries highlighted a new marketing opportunity in Taiwan. As a result, a new strategy has been designed to promote the use of Washington berries in the manufacture of juices, food supplements, energy bars and bakery and dairy products.

Cherries Follow Apples to Beijing: WSDA organized and led meetings between Washington apple exporters and six fruit importers from northern China. To circumvent language barriers, all meetings were arranged with Mandarin-speaking exporters in our industry. Consequently, direct apple shipments have begun from Washington to northern China. As an unintended benefit, Washington fresh cherries are following the same path.

As the 2008 Beijing Olympics approach, this will continue to be a growing market for Washington apples. Despite the significant price difference from local product, upper-income Chinese consumers appear to prefer Washington apples as holiday gifts owing to their superior taste and appearance.

Washington Apples Blaze a Trail for Processed Products in India: In cooperation with the Washington Apple Commission, IM continued its success in building the market for apples in India in FY 2005. New Indian produce importers continued to seek introductions to Washington apple packers/shippers. IM is structuring future programs that will not only focus on apples but also on pears, cherries and other consumer-ready products. Once again fresh apples have opened the door for other Washington products.



This product showcase in January 2005 introduced Washington companies and products to Indian buyers.

In January 2005, IM hosted the first inbound buying mission from India for all types of consumer-ready products. Program staff worked with the USDA Trade Show Office, USDA/FAS India and WUSATA to present a three-day program of company visits and a table-top showcase for a team of high profile buyers from India. Through the meetings and the showcase in Seattle, seven Indian companies and one from Bangladesh connected with 18 Western US companies. The mission successfully produced sales for several shelf-stable items.

FSMIP Chipping Potato Project

Following initial successes for chipping potatoes in the Korean market, WSDA partnered with the Washington Potato Commission and counterparts in Idaho and Oregon to obtain a \$70,000 USDA grant to pursue opportunities in Thailand, Korea, Taiwan and China. In February 2005, a team of producers, staff and a technical expert traveled to Korea, Taiwan and Thailand to educate chip processors about potato varieties, storage, handling, and shipping. The group represented a major segment of potential supply, and was able to address nearly every aspect of chipping potato production and export. Moreover, the team was able to talk pointedly with these buyers, managers and product developers about how northwest potatoes can be incorporated into their businesses strategy.



The Pacific Northwest Chipping Potato Seminar educated chip processors from Asia about Washington potato varieties, storage, handling and shipping.

Because of local production characteristics, there is a window of opportunity in all three countries when local supply is low and processors can not meet production capacity. A follow-up strategy is being developed that will continue progress toward increased sales in these markets. The China market will be covered in the coming year.

As an added benefit, while in Korea, the team was able to meet with USDA representatives from FAS and APHIS to discuss issues regarding Columbia Root Knot Nematode as part of the industry's goal to identify a workable solution for Korea.

Governor's Trade Mission to Japan and China

Governor Christine Gregoire led a trade mission to Japan and China in September 2005. Joining the delegation were a ranch owner and hay farmer, Washington State Potato Commission representatives including two potato farmers, a food processor, Washington State Fruit Commission / Northwest Cherries representatives, a chocolate manufacturer, a consolidated fruit grower and shipper and WSDA representatives. The mission developed additional markets for Washington products in these countries and created new opportunities for Washington exporters. In addition, Governor Gregoire and the delegation promoted Washington food and agricultural products in both Japan and China.



The delegation helped promote Washington ag products by packing Washington apples while climbing a section of the Great Wall. From left are Rep. Bruce Chandler, Director of Agriculture Valoria Loveland, Gov. Gregoire and Sen. Cheryl Pflug.

In Japan, Governor Gregoire helped promote Washington agriculture by drawing the winner of a Northwest Cherries promotion that generated 48,000 entries for a chance to win a grand prize trip to Washington to see the Mariners. Valoria Loveland, Director of the Department of Agriculture, joined the governor for the drawing. Cherries represent about \$40 million in sales to Japan for Washington growers. Both leaders, along with a number of delegation members, later addressed market access issues for Washington agricultural exports at the Ministry of Agriculture, Forestry and Fisheries.

Washington Potato Commission representatives met with many buyers and government officials to increase sales of potato products to Japan. Continued barriers to entry for Washington chipping potatoes were a key topic of discussion. Agriculture delegates also met with the Agricultural Trade Office in Tokyo for a detailed briefing on agricultural trade with Japan.



Matt Harris of the Washington Potato Commission, Director of Agriculture Valoria Loveland, Ted Tschirky of the Washington Potato Commission, Gov. Gregoire and Randy Mullen of the Washington Potato Commission join a local representative for frozen Washington potato products to highlight Washington potato products on the shelves of a Chinese supermarket.

In China, the governor and delegation visited the Lotus Super Centre, a large supermarket in Shanghai. They mingled with customers and addressed the media as part of a promotion for Washington apples, French fries, wine and other products.

The governor and members of the delegation also met with the head of AQSIQ, the powerful government ministry that regulates the entry of food and agricultural products into China. Talks centered on ensuring safe agricultural products while expanding trade, with both Governor Gregoire and Chinese officials asking for quicker review of their products. Agriculture delegates also met with the Beijing and Shanghai Agriculture Trade Offices for detailed briefings on the food industry in China.



Japanese media cover Gov. Gregoire and Valoria Loveland, director of the Department of Agriculture, as they draw for the grand prize winner of a trip for two from Japan to Seattle to see the Mariners. The contest, which drew 48,000 entries, was a promotion for northwest cherries, the bulk of which are grown in Washington.

Trade Policy and Trade Barrier Assistance

A sophisticated marketing strategy is of little value if a foreign government prohibits those products from entering the country. Tariffs, non-tariff barriers, phytosanitary regulations and protectionism restrict the markets for Washington products. For this reason, WSDA partners with industry, the Governor's office, and the US government to help resolve issues of trade policy and problems with transactions as they occur. A list of some of the trade barrier assistance the program provided appears in Appendix B.



Certified Ellensburg Timothy Hay ready for export.

Trade policy and trade barrier work undertaken by the International Marketing program included: arguing against the excessively strict and non-scientifically based inspection protocol on US cherries entering Mexico, which was subsequently lifted in 2004; working to overturn limits on apple imports in India; leading the creation of new export documentation to allow an Othello hay cubing company to ship to Vietnam; assisting a snack food manufacturer with tariff and drawback duty issues in South Korea; and educating shippers on new heat-treatment requirements on shipping and packing materials when exporting to China.

FAS Roundtable: IM partnered with USDA's Outreach Office and staff from the Oregon Department of Agriculture to organize a Trade Policy Roundtable in Portland in July 2004. The Roundtable enabled northwest food and agriculture leaders to discuss international trade negotiations and foreign trade barriers with senior USDA officials. Both Washington and Oregon had more than 20 industry representatives in attendance. USDA officials in attendance included the Undersecretary for Marketing and Regulatory Programs, the Deputy Administrator for International Trade Policy and the Deputy Director of Intergovernmental Affairs, among others. Prior to the Roundtable, the Undersecretary led a meeting regarding Sudden Oak Death and the challenges it brings to Washington and Oregon nurseries.



Attendees at the FAS Policy Roundtable.

Live Shellfish to China: On behalf of several Washington seafood exporters, program staff worked to provide Washington certification of live shellfish in China. The challenge stemmed from increased scrutiny of documentation as a result of several recent arrests in China for under-reporting of import values to avoid paying full tariff duties. This certification requirement stalled shellfish import activity from the US and allowed Canadian competitors to gain market share. Staff worked closely with federal and state officials to revise the required documentation, allowing lucrative Washington seafood imports to move into China once again.

Chipping Potatoes to Japan: WSDA's Japan Office spearheaded efforts to get the Japanese government to lift a longstanding ban on the importation of fresh potatoes for processing into potato chips. It now appears that the Japanese government is preparing to approve new protocols to allow fresh US chipping potatoes into the market. This represents a major victory for both Washington potato producers and for Japanese potato chip manufacturers, who are unable to domestically source enough quality chipping potatoes year round.

Fresh Potatoes to China: China prohibits the importation of U.S. potatoes for phytosanitary (plant pest and disease) reasons. An essential step in opening the market to Pacific Northwest potatoes is for the Chinese government to conduct a "pest risk assessment" (PRA) in order to identify issues of concern. During the September 2004 mission, former Governor Gary Locke (1997-2004) urged Chinese officials to complete the PRA as soon as possible.

Trade Barrier Report: In March 2005, the Governor's Advisor on Trade Policy wrote, with

IM program input, the annual Washington State Report on Foreign Trade Barriers to Food and Agricultural Exports. The report was submitted to USDA, USTR and the Washington congressional delegation. USDA officials have been particularly appreciative of the report, which helps them better communicate the challenges facing Washington exporters to federal trade officials.

Beef Tallow Ban in China: In January 2005, USDA indicated that a high level USDA official was traveling to Beijing and wanted to know whether there were any Washington agricultural issues that he should discuss with his counterpart. USDA was asked to address China's ban on the importation of frozen French fries made with protein-free beef tallow. Several countries imposed this ban after the BSE finding in the United States. This policy hurt US frozen French fry exports and is not based on sound science, as the Organization of International Epizootics has declared that there is no risk from importing products made with protein-free beef tallow (with 0.15% impurities.)

Tariffs of Apples, Cherries, Pears and Potato Products in Vietnam: During Governor Locke's mission to Vietnam in September 2004, he urged the Vietnamese Minister of Finance and Minister of Trade to lower tariffs on apples, cherries, pears and potato products as part of Vietnam's efforts to accede to the World Trade Organization. The Governor also urged the Minister of Finance to reform the country's customs' procedures and to eliminate the use of reference prices in determining tariffs.



A young customer enjoys a piece of a Washington apple during a Washington apple promotion in Shanghai.

Apples to Mexico: During the June 2004 mission to Mexico, Governor Locke urged the Mexican government to replace the 46.58% antidumping duty on US Red and Golden Delicious apples with a new suspension agreement. Washington officials continued to raise this issue with the Mexican government during FY 2005.

Fresh Potatoes to Mexico: During the June 2004 mission to Mexico, Governor Locke urged the Mexican Secretary of Agriculture to open the market further to US potatoes. Governor Locke also raised this issue later in the year with US Undersecretary for Agriculture William Hawks.

Barriers to Washington Potato Exports to Canada: Spearheaded by Governor Locke, the three Pacific Northwest governors wrote the US Secretary of Commerce Dan Evans, urging the agency's recently established Unfair Trade Practices Task Force to evaluate the impact of Canadian trade restrictions on U.S. potato producers.

THE CHALLENGES AHEAD

Program Challenges and Opportunities

Funding Changes: The International Marketing program seeks to maximize our scarce resources by utilizing federal funding for export-oriented promotions and activities. In FY 2005, restrictive guidelines that limit the flexible usage of such funding were established. These guidelines limit IM's ability to undertake certain overseas promotions and buyers missions and further increase the administrative burden associated with the usage of funding earmarked for export promotion. IM is no longer able to organize several proven overseas activities and respond as quickly to short-term market opportunities. These funding changes may result in lower assisted sales for the program going forward.

Agricultural Commodity Commissions: Washington's 24 agricultural commodity commissions are important partners with WSDA in export promotion. In May 2005 the US Supreme Court ruled favorably in a case that would have significantly reduced every commission's ability to promote their products. We look forward to continued partnership with the state's 24 agricultural commissions to help grow Washington exports.

Market Challenges

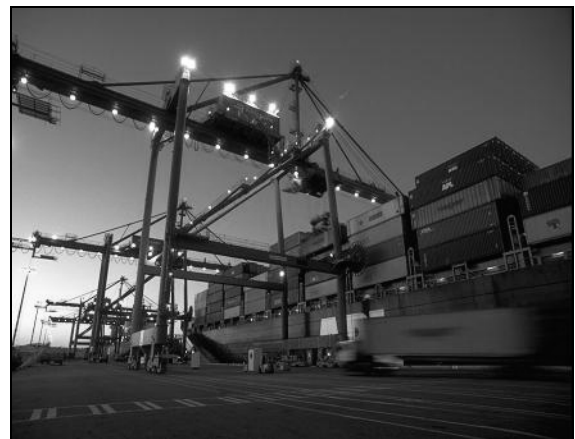
The global expansion in 2003 and 2004 led by the United States and China continues. Though growth projections for 2005 in most other regions have been marked downward — with the important exceptions of Japan and India — higher energy prices and the strength of the dollar may be of particular concern to Washington exporters.⁹

Higher Energy Prices: It seems almost certain that higher energy prices will put significant pressure on crop farmers in the short-term. Given the structure of globalized markets, there

is little chance that farmers will be able to pass on the increased costs to the purchasers of their products. Higher energy costs will result in higher production costs, lower margins and lower profitability for farmers, processors and exporters alike.

BSE: US beef exports are forecast to increase 39 percent in 2005, but will remain well below pre-BSE levels. When BSE was discovered in the US, many countries that were once major export markets banned US beef. After Mexico and Canada lifted most of their major import restrictions on US beef, they quickly became the largest destinations for the US beef, accounting for 87 percent of 2004 US beef exports.

The outlook remains unclear for US beef exports to Asia. When beef exports to major Asian markets resume, higher prices and the length of time away from the market will likely impact the ability of US beef to regain market share.¹⁰



Washington's vibrant port system has made it an ideal gateway for exports.

Pass-Through Commodities: Washington ports are efficient and reliable gateways to global markets. Washington continues to expand its role as a major shipper of US agricultural products destined for markets around the world. In recent years the volume of corn (maize) and soybean exports has increased significantly,

⁹ International Monetary Fund World Economic Outlook 2005, www.imf.org/external/pubs/ft/weo/2005/02/pdf/chapter1.pdf

¹⁰ USDA Foreign Agricultural Service World Beef Overview 2005; www.fas.usda.gov/dlp/circular/2005/05-04LP/beefoverview.pdf

especially to Asia. In FY 2004, these pass-through exports represented 42% of Washington's total exports. Proximity to export markets may help overcome Washington's traditional disadvantage of being far away from the largest US population centers in the Northeast.

Rebounding US Dollar: Although the US dollar began to rebound against lows hit in 2003, the weak greenback helped make US exports more cost competitive while increasing the cost of imported goods to US consumers in 2004-05. A stable, inexpensive dollar may continue to encourage increased exports, especially of price-sensitive bulk commodities. Continued concerns about the federal budget deficit and the trade deficit may continue to exert pressure on the dollar. Dollar appreciation would weaken the competitive advantage some Washington exporters enjoyed in FY 2005.

Globalization and Retail Consolidation: The supermarket industry is rapidly consolidating worldwide. Fierce competition between large retailers forces suppliers to reduce costs. This drives prices down and reduces income to producers, including farmers. These large retailers also have global suppliers and frequently turn to lower cost foreign products to reduce their costs. The weak dollar may slow this trend, at least for the short-term.

Consolidation within the industry is reducing the number of exporters that have Washington state or Northwest headquarters. Successful companies that gain national or even regional markets become targets for acquisition by larger companies often in California, the Midwest or East Coast. Upon acquisition, headquarters, operations and sales and marketing offices are often moved out of Washington, reducing their interaction with WSDA and their commitments to Washington.

Recovery in Japan: Japan's economy is healthier than it has been for a long time, though it is predicted to grow just 1.7% in 2005.¹¹ Despite Japan's low degree of openness to foreign trade, it remains Washington's largest market. Barring an unexpected economic downturn, Japan will remain a growing market for Washington's agricultural exporters.

Growth in China and India: China and India are well on their way to becoming classic growth markets for food. This growth model has been the dominant push behind US agriculture's export success over the past 50 years. In most developing economies, improving diets is the number one priority of consumers. As incomes rise, an increasing share of every new dollar of income is spent on better food. This typically means buying more processed foods and substituting meat products for cereal-based subsistence foods.

Due to government restrictions, India's food imports have been modest and trade tends to be limited to selected commodities. Recent trade liberalization measures in India, however, will ultimately benefit US food exporters. Demand in China is already spurring sharp increases in food imports. Washington value-added producers will certainly find opportunities to export to these growing markets, especially in China. Conversely, Washington commodity producers will face mounting competition from countries with lower production costs.

Challenges Facing "Brand America": For decades, American products have benefited from a generally favorable perception of the United States. Some observers believe that opposition to US foreign policy in some foreign markets may influence buying decisions.¹² It remains to be seen whether or not US businesses will see long-term negative impacts in global markets.

¹¹ "Japan's Economy" The Economist, November 10 2005, www.economist.com/research/backgrounders/displayBackgrounder.cfm?bg=532400

¹² "Is Brand America Broken?" Thunderbird Magazine, Spring 2005, [/www.thunderbird.edu/wwwfiles/publications/magazine/spring05/index.htm](http://www.thunderbird.edu/wwwfiles/publications/magazine/spring05/index.htm)



APPENDIX A:

INTERNATIONAL MARKETING PROGRAM CONTACTS



Washington State Department of Agriculture
International Marketing Program
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Website: <http://agr.wa.gov/Marketing>

Suppliers Database: www.impact.wsu.edu/wasuppliers

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APPENDIX B:

SELECTED EXPORT PROMOTION ACTIVITIES

Please note: this is only a partial list of the export activities the International Marketing Program undertook from July 2004 – June 2005.

Trade Shows, Product Showcases & In-Store Promotions

Carrefour “American Week” promotion in Taiwan, July 2004

Boston Seafood Show, March 2005

Mexico ANTAD Food Show, March 2005

Taiwan In-Store Promotion, January-February 2005

China Restaurant Menu Promotion, June 2005

Market Access Program (MAP) Projects

Outbound trade mission to ASEAN countries, August 2004

Northwest nursery trade mission to China and Japan, August 2004

Inbound seafood buyers from South Korea, September 2004

Produce mission from Taiwan, September 2004

Conxemar Seafood Show in Spain, October 2004

Gigante supermarket promotion in Mexico, October 2004

ASEAN reverse trade mission, October 2004

India buyers team and table top showcase, January 2005

Mexico Trade Mission, February 2005

IFIA Japan food ingredients show, April 2005

Malaysia/Singapore FMI & consumer oriented foods mission, April 2005

PolFish 05 trade show in Gdansk, Poland, June 2005

Outbound Sales Missions & Inbound Buyers Missions

Chinese delegation for Institute of Food Technologies trade show, July 2004

Inbound buyers of seafood and food ingredients from Japan, July 2004

Food ingredients trade mission to Guatemala, El Salvador and Costa Rica, August 2004

Inbound supermarket buyers mission from Taiwan, September 2004

Korean Seafood Mission, January 2005

Bulgarian Seafood Mission, March 2005

Guangzhou Seafood Mission, March 2005

Taiwan’s Uni-President’s buyer to meetings, March 2005

Taiwan inbound buying mission, April 2005

Tour for Thai produce buyers, April 2005

China FMI buyers group, April 2005

Taiwan outbound trade mission, July 2004

Inbound apple buyers from India, November 2004

Government Delegations

Governor’s trade mission to China and Vietnam, September 2004

Mexican Agri-Trade Seminar hosted by Mexican Government, February 2005

FSMIP chipping potato mission to Korea, Taiwan, and Thailand, March 2005

Governor’s trade mission to Japan and China, September 2005



Agricultural Commodity Commissions

Participated in a wide variety of agricultural commission meeting and events, including those for the asparagus, fruit, potato, raspberry, apple and wine commissions.

Trade Barrier Assistance

Organized FAS roundtable on agricultural trade policy for industry, July 2004

Continued to advocate for cherry protocols for export to Mexico, 2004-05

Worked with DOH on certificates for live shellfish to China, March 2005

Worked with Potato Commission and Korean Chipping Potato Industry on the Columbia Root Knot Nematode issue, March 2005

Advocated for opening of Japanese market for chipping potatoes, scheduled to commence in early 2006

Assisted a honey company with Mexican import regulations, April 2005

Met with USDA and NW Horticultural Assoc. to discuss India's apple tariff, May 2005

Assisted various Washington companies with certificate of Non-GMO issues, Heat Treatment certificates, product registrations and many other documentation issues

Trade Leads

Disseminated 120+ trade leads during FY 2005

Presentations, Publications & Export Seminars

Presentation to Seattle Economist Club, October 2004

Washington Agricultural Suppliers Database update completed, September 2004

Catalog of Plants, October 2004

Conducted Branded Program and Export Readiness seminars in Pasco, May 2005

Outreach to Stakeholders

Attended a variety of industry events, conferences and meetings to connect with key companies, commissions and government officials, including:

- Pacific NW Vegetable Assoc. Conference, November, 2004
- Pasco Chamber of Commerce, November 2004
- WSU IMPACT meeting, November 2004
- NW Horticultural Council's Trade Committee meeting, November 2004
- Japanese Trade seminar, May 2005
- WA Wine Quality Assurance & WA Wine Institute meeting, December 2004
- Port of Benton, December, 2004
- Tri-City Industrial Development Council, December 2004
- US Dept. of Commerce, December 2004
- Tri Ports legislative meeting, December 2004
- Port of Pasco, December 2004
- Washington Horticultural Association Convention, Yakima, December 2004
- Keynote speakers at Western Washington Horticultural Association Convention in Seattle, January 2005
- Cherry Institute Convention, Yakima, January 2005
- WA State Potato Conference, February 2005
- Director of the Washington State Wine Expo, February 2005
- TRIDEC annual meeting, March 2005
- Korean Trade lunch, May 2005
- 4-State Cherry meeting in Pasco, May 2005

APPENDIX C: INTERNATIONAL MARKETING PROGRAM ADVISORY COMMITTEE MEMBERS

Ron Anderson, Chairman
Anderson Hay & Grain Co., Inc.

Reggie Moyer, Export Manager
Western Blending

Gary Briggs, CEO/Owner
Briggs Nursery

Robin Pollard, Executive Director
Washington Wine Commission

Bill Bryant, Chairman
Bryant Christie & Co.

Mark Powers, Vice President
NW Horticultural Council

Dave Carlson, Manager
Washington Apple Commission

BJ Thurlby, Executive Director
Washington Fruit Commission

Scott Hannah, CEO
Pacific Valley Foods

Chris Voigt, Executive Director
Washington State Potato Commission

Michael McGinley, Export Sales
Ocean Beauty Seafoods

Charles Witzleben, President
SuperValu International



APPENDIX D:

AGRICULTURAL COMMODITY COMMISSIONS

Alfalfa Seed Commission (RCW 15.65)
Rod Christensen, Executive Director
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Apple Commission (RCW 15.24)
Dave Carlson, Manager
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Phone: (509) 663-9600/Fax: (509) 662-5824
E-mail: laverne.bergstrom@waapple.org

Asparagus Commission (RCW 15.65)
Alan Schreiber, Administrator
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Barley Commission (RCW 15.66)
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